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Pittsburgh Region

Promoted Volume Plan

January 29, 1997

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Full Price

- **Objective**
  - Defend RJR full price volume and share from competitive discounting activity in a cost effective manner.
- **Strategy**
  - Cost effectively execute the gap strategy to maintain an acceptable price gap between RJR full price brands and key competitive branded savings.
- **Tactic**
  - Develop a plan to maintain a 25% promoted volume level in the market place on key RJR full price brands. (W/S/C)
- **Analyzing Process**
  - Measure plan results via MSA for Sales Area; Marlin for Region; and AIM for divisions.

Source: http://www.industrydocuments.ucsf.edu/docs/psbn0000

Adjusted PV Targets

Outlet Type	Controlled CIV	25% PV Target			% PV to Hit Target		
		Winston	Salem	Camel	Winston	Salem	Camel
Convenience/Gas	906,293	17,225	11,804		30%	30%	39%
Supermarkets	473,881		8,888		23%	30%	0%
Other Outlets	518,847	11,544	9,270		33%	33%	26%
Cig. Tob. Stores	121,695	4,844	3,306	2,576	50%	50%	50%
TOTAL	2,020,716	41,800	33,268	26,063	31%	32%	31%

- Camel supermarket goal shifted to Convenience/Gas.

- Winston supermarket and Camel other outlet short falls will be covered by CTS 50% levels.

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Chain PV - Calculation Form ($2.50 AFV)

Chain Name	SHEETZ
# Stores	187
Total "13 Week" Volume:	1,576,804
	(AIM 195 Report)

	L1	L2	L3
Merchandising Level			
Accrual Level			

Match ____ ***Non-Match*** ____

"13 Week" Volume by: (AIM 195 Report)

Winston	86796	0	0
Camel XNF	92399	0	0
Salem	45335	0	0
Total	*224530*	*0*	*0*

	CG & OO	*SM*	*CTS*
Total Retail Accrual Dollars Available: (Base & RJR Match)	$200,000.00	$0.00	$0.00
PV Level From Accrual Dollars (Factored at $2.50 AFV):	9%	#DIV/0!	#DIV/0!
Gap Funding Needed to Hit PV Target (Factored at $2.50 AFV):	$540,949.00	$0.00	$0.00
PV Level Funding			
Total Weeks	5	#DIV/0!	#DIV/0!
Weeks Per Quarter	1	#DIV/0!	#DIV/0!
Weeks Above PM Response	0	#DIV/0!	#DIV/0!
Spending Plan			
Weeks PM Response	12	12	12
Weeks RR Gap	4	4	4
Remaining Weeks to Schedule	0	#DIV/0!	#DIV/0!

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Chain-Promotional Calendar - 1st Half 97'

1st Half 1997

	January	*February*	*March*	*April*	*May*	*June*
National Promotions	Camel B2G2F	Doral B2G1F		Camel B2G2F Doral B2GF Ltr	Winston BSGSF Cam M B2GF Hat	Doral B2G1F Winston Prem
PM Defense						
Supermarket/ Carton			Doral/Carton			Doral/Carton
C/O Carton			Doral/ Carton & Pack			Doral/ Carton & Pack
Doral Box 100 Intro						
Retail Accrual	Salem 2 Pack	Salem/Carton		Salem 2 Pack	Salem/Carton	

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Action Plans

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Convenience/Gas: Action Plan

Top priority is to sell retail accrual match!

- KAM/AM/SR's determine PV coverage of accrual $$'s and plan spending.
- Ensure all Region C/G outlets with Level II/III Merchandising Contract and Level II/III Retail Accrual Match, reach the 33% PV target. (Camel 39%; Winston 30%, Salem 30%)

Source: https://www.industrydocuments.ucsf.edu/docs/pbgn0000

Convenience/Gas: Action Plan

- Chains
  - If accrual $$'s cover over 33%:
    - » 12 week PM response
    - » 1 week/quarter - RR's use 25% gap (4)
    - » KAM/AM's to schedule remaining weeks.
  - If accrual $$'s cover under 33%:
    - » Determine # weeks needed for 33% PV (C-21, W/S-16)
    - » 12 week PM response
    - » 1 week/quarter - RR's use 25% gap (4)
    - » KAM's/AM's to schedule remaining weeks. (Camel 5)
  - KAM's/AM's to submit plan for each chain. (Template)
    - » Utilize chain's competitive promotional calendar to target programs. (Example attached)

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Convenience/Gas: Action Plan

- Independents
  - SR's to OB/PB at 33% PV rate in Independents with LII/III Merchandising Contracts and LII/LIII Retail Accrual Match. Plan accrual as follows:
    - » 12 week PM response
    - » 1 week/month 33% PV; twice/quarter, excluding PM response months (8) (Camel 39%; Winston/Salem 30%)
    - » Minimum of 17 weeks.
  - Independents with LI Merchandising Contract/LI Retail Accrual and Non-Match Accruals - capped at accrual $$'s or 25% PV, whichever is greater.
  - SR's to be supplied with 33% PV grids with "by outlet" and "by brand" information. (Example attached)

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

PV Guide: S. Pitt - Conv./Gas

173201	A24	338418	Fast Food Supermarket	Grafton	WV	76	7	5	4
173201	A24	697333	Family Market 50/250	Grafton	WV	76	7	5	4
173201	A24	846121	Bruceton Mills Grocery	Bruceton Mills	WV	120	11	8	7
173201	A12	444213	Little Sandys	Bruceton Mills	WV	146	13	10	8
173201	A12	660862	Valley Point	Albright	WV	79	7	6	4
173201	A12	245660	BFS Foods Westover	Westover	WV	108	10	8	6
173201	A12	501730	BFS Foods Mt. Morris	Mount Morris	PA	148	13	10	8
173201	A12	846374	BFS Foods Mileground	Morgantown	WV	87	8	6	5
173201	A12	846834	BFS Foods Cheat Lake	Morgantown	WV	107	9	8	6
173201	A24	329163	Gas N More	Reedsville	WV	78	7	6	4
173201	A24	491122	Albright Kwik Stop	Albright	WV	125	11	9	7
173201	A24	646874	Kingwood Kwik Stop	Kingwood	WV	125	11	9	7
173201	A24	846384	D&M East End Mart	Kingwood	WV	167	15	12	9
173201	A24	558781	Shop and Gas Food	Manoun	WV	650	57	46	36
173201	A12	846973	Toot N Scoot #16	Waynesburg	PA	384	34	27	21
173201	A24	310345	Food Depot	Waynesburg	PA	155	14	11	9
173201	A24	558640	Pejack's Atlantic	Waynesburg	PA	465	41	33	26
173201	A24	501758	77 Market	Waynesburg	PA	180	16	13	10
173201	A24	846829	Medicine Mine	Carmichaels	PA	255	22	18	14
173201	A12	536675	Junction Deli Stop	Carmichaels	PA	101	9	7	6

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Supermarkets: Action Plan

Top priority is to sell retail accrual match!

- Spend accrual $$'s on Winston and Salem only.
- Plan accrual spending around grid limitations. (Winston - 1729, 1732, and 1733 only)
- All "match" LII/LIII participants receive Retail Accrual $$'s or 30% PV level, whichever is greater.
  - If accrual $$'s cover over 30%:
    - » 12 week PM response
    - » 1 week/quarter - RR's use 25% gap
    - » KAM's/AM's to schedule remaining weeks.
  - If accrual $$'s cover less than 30%:
    - » Determine weeks needed for 30% PV (16)
    - » Subtract 12 week PM response
    - » 1 week/quarter - RR's use 25% gap (4)

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Supermarkets: Action Plan

- KAM's/AM's submit plan for each chain.
  - Use chain's competitive promotional calendar to target programs.
- SR's OB/PB at 30% PV rate in independents with LII/LIII Retail Accrual Match. (Example Attached)
  - 12 week PM response.
  - 1 week/month at 30% PV, excluding PM response month (8)
  - Schedule remaining weeks.
  - Minimum of 16 weeks.
- Non-match accounts capped at accrual $$'s or 25% PV, whichever is greater.

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

PV Guides: N. Pitt - Supermarkets

173001	C12	221328	Emlenton IGA	River Street	Emlenton	PA	305	29	25
173001	C24	221329	Bi Lo #726	111 Mill St.	Grove City	PA	1400	104	113
173001	C12	336600	Rodgers Comet	Drawer M, Rt. #68	Parker	PA	305	23	25
173001	C24	605086	Shop N Save	601 Hansen Ave	Butler	PA	483	36	39
173001	C24	671596	Giant Eagle #681	200 Sugar Creek	Franklin	PA	449	33	36
173001	C24	691201	Giant Eagle #606	Rt. 173, Box 200H	Slippery Rock	PA	485	36	39
173001	C24	710630	Giant Eagle #675	175 Smock HWY	Meadville	PA	500	37	40
173001	C24	844782	County Market	Rt. 58	Grove City	PA	1400	104	113
173001	C24	425545	Giant Eagle #640	700 Moraine Pointe	Butler	PA	823	61	66
173001	C24	336128	Bi Lo Foods	180 Point Plaz	Butler	PA	597	45	48
173001	C24	474400	Meadville Mall Bi Lo	1101 Conneaut Lake	Meadville	PA	340	25	27
173001	C24	425532	Giant Eagle #626	1521 N. Main St.	Butler	PA	1008	75	81
173001	C12	068817	County Market	660 Terrace St.	Meadville	PA	1222	91	99
173001	C12	844728	Giant Eagle #627	602 E. 2nd St.	Oil City	PA	394	29	32
173001	C24	302188	Shop N Save	1015 Buffalo St.	Franklin	PA	938	70	76
173001	C24	221299	Riverside #704	PO Box 86	Oil City	PA	481	36	39

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Other Outlets: Action Plan

Top priority is to sell retail accrual match!

- KAM/AM's to determine PV coverage of accrual $$'s & plan spending.
- Ensure all Region O/O's with LII/LIII Merchandising Contract and Level II/III Retail Accrual Match reach the 33% PV target. (C/W/S)
- Chains
  - If accrual $$'s cover over 33%:
    - » 12 week PM response
    - » 1 week/quarter - RR's use 25% gap (4)
    - » KAM/AM's to schedule remaining weeks.
  - If accrual $$'s cover under 33%:
    - » Determine # weeks needed for 33% PV (17)
    - » Subtract 12 week PM response & 1 week/quarter for RR gap (4).
    - » KAM/AM's to schedule remaining week. (1)
  - KAM's/AM's to submit plan for each chain.
    - » Use chain's competitive promotion calendar to target programs.

Source: https://www.industrydocuments.ucsf.edu/docs/pshn0000

Other Outlets: Action Plan

- Independents
  - SR's to OB/PB at 33% PV rate in Independents with LII/III Merchandising Contracts and LII/LIII Retail Accrual Match. Plan accrual as follows:
    - » 12 week PM response
    - » 1 week/month 33% PV; twice/quarter, excluding PM response months (8)
    - » Schedule remaining weeks.
    - » Minimum of 17 weeks.
  - Independents with LI Merchandising Contract/LI Retail Accrual and Non-Match Accruals - capped at accrual $$'s or 25% PV, whichever is greater.
  - SR's to be supplied with 33% PV grids with "by outlet" and "by brand" information.

Source: https://www.industrydocuments.ucsf.edu/docs/pslp0000

Cigarette Tobacco Store: Action Plan

Top priority is to sell retail accrual match!

- Target of 50% PV for all outlets meeting the following criteria:
  - Zoning
  - Level II Enhanced/Level III Merchandising Contract
  - Level II/III Retail Accrual Match
- 50% PV $$'s available to be determined by the following:
  - Calculating total # cartons of W/S/C to promote in order to achieve 50% PV.
  - Take this total times $2.00 AFV to equal available $$'s.
  - Fund with accrual base and match $$'s first, then by gap $$'s.

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000

Cigarette Tobacco Store: Action Plan

- The following strategy will then be worked:
  - Salem/Camel Menthol: Match competitive menthol (Kool/Newport); $3.00 cap.
  - Winston/Camel: Discount to a price point with a maximum level of $2.00.
  - Fund with accrual base and match $$'s first; then by gap $$'s.
  - Going to a price point will enable us to reduce our discount levels and the retailer will be able to increase their promoted volume.
- For accounts with Level II standard contracts, the higher of accrual dollars or 30% PV should be utilized.
- In highly developed CTS markets, promote at market place value, i.e. $2.00.

Source: https://www.industrydocuments.ucsf.edu/docs/pcbn0000

Conclusion

- PV plan will increase our PV levels to where they need to be to hold our business on key full price brands. (Emphasis on C/G)
- More effectively target our Retail Accrual spending and maintain point of difference for Level II/III Match accounts.
- Decrease our overall spending versus 1996. (Gap/Accrual)
- Level off our promotional spending in Cigarette Outlets and surrounding Partner accounts.

Source: https://www.industrydocuments.ucsf.edu/docs/psbn0000